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Item 899

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TRADE IN TEXTILES AND TEXTILE PRODUCTS

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Agreement Between the
UNITED STATES OF AMERICA
and HONG KONG

Amending the Agreement of
August 8, 1977, as Amended

Effected by Exchange of Letters
Signed at Hong Kong May 23, 1979

NOTE BY THE DEPARTMENT OF STATE

Pursuant to Public Law 89–497, approved July 8, 1966 (80 Stat. 271; 1 U.S.C. 113)—

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HONG KONG

Trade in Textiles and Textile Products

Agreement amending the agreement of August 8, 1977, as amended.
Effected by exchange of letters
Signed at Hong Kong May 23, 1979;
Entered into force May 23, 1979;
Effective January 1, 1979.

The American Acting Consul General to the Hong Kong Director of Trade Industry and Customs

CONSULATE GENERAL OF THE
UNITED STATES OF AMERICA
HONG KONG

May 23, 1979

The Hon. D.H. Jordan, C.M.G.,
M.B.E., J.P.
Director of Trade Industry & Customs
Trade Industry and Customs Dept.
15/F, Ocean Centre
Canton Road
Kowloon

Sir:

I have the honour to refer to the consultations between representatives of the Government of the United States of America and representatives of the Government of Hong Kong which took place in Hong Kong from 15 to 20 January and in London from 14 to 21 March 1979 relating to the Agreement between the two Governments concerning trade in cotton, wool and man-made fibre textiles and textile products dated 8 August 1977, with annexes, as amended[1] (hereinafter called "the Agreement").

As a result of the abovementioned consultations, I propose on behalf of the Government of the United States of America that the Agreement be amended as follows:

(1) Specific Limits for Certain Categories

The textile products in the following Categories shall, as from 1st January, 1979, be deemed to have ceased to be subject to the Specified Limits set out in Annex A to the Agreement and shall become subject to paragraph 9 of the Agreement as amended hereby.

Products in Categories
336
337
342
345
643/4
648
633/4/5

[1] TIAS 8936, 9291; 29 UST 2184; 30 UST.

(2) Export Authorization System

Effective from 1st January 1979 and until the termination of the Agreement on 31st December 1982, Paragraph 9 of the Agreement is replaced by the following:

"9. In view of the well established and effective Hong Kong system of export authorization and licensing, and the desire of both Governments to eliminate real risks of market disruption, the following consultation procedures shall apply to each Category not subject to a Specified Limit:

(a) The Government of Hong Kong shall provide reports on export authorizations (EA's) issued for exports to the United States of such Categories as frequently and in such detail as may be requested.

(b) The Government of the United States may request consultations with a view to agreement on an appropriate level of restraint for any Category not given a Specified Limit for any agreement year whenever, in the view of the Government of the United States, conditions in its market are such that a limitation on further trade in any such Category is necessary in order to eliminate a real risk of market disruption.

(c) The request for such consultations shall be supported as soon as possible, and in any case within 21 days of the date of the request, by a statement of market conditions in the United States which in the opinion of the Government of the United States make necessary the request for consultations. The statement shall include data similar to that contemplated in paragraphs 1 and 2 of Annex A of the Arrangement.

(d) Upon receipt of a request for such consultations, Hong Kong, as requested by the Government of the United States, shall cease or otherwise limit further issuance of EA's and shall not further issue EA's in the absence of specific agreement by the Government of the United States, pending the conclusion of consultations. EA's issued prior to receipt of the request for consultations may be honored by the issuance of export licences by the Government of Hong Kong. The two Governments, unless agreed otherwise, shall consult as soon as possible within 30 days of the request for such consultations and shall make their best efforts to complete such consultations within 30 days of their commencement.

(e) (i) In the event that consultations do not result in agreement, the Government of Hong Kong shall have the right to resume forthwith the issuance of EA's for the export of the relevant products, provided however that the Government of the United States shall have the right to request the Government of Hong Kong to limit exports of the relevant products during the agreement year in which the request for consultations is made to a level not less than the highest of:

(A) the level of the trade in the relevant product or Category for the immediately preceding agreement year plus either 20% of that level (in the case of cotton and man-made fibre products) or 6% of that level (in the case of wool products),

(B) the average of the level of trade in the relevant product or Category for all previous agreement years since 1st January, 1978 plus either 20% of that level (in the case of cotton and man-made fibre products) or 6% of that level (in the case of wool products),

(C) the limit requested by the Government of the United States for the cessation of issuance of EA's in accordance with Paragraph 9(d) hereof.

(ii) In respect of any product or Category where a limit has been established for a specific agreement year and where, in the immediately subsequent agreement year the Government of the United States makes another request for consultations under Paragraph 9(b) of this Agreement, and, in the event that such consultations do not result in agreement, the Government of Hong Kong shall have the right to resume forthwith the issuance of EA's for the export of the relevant products provided however that the Government of the United States shall have the right to request the Government of Hong Kong to limit exports

of the relevant products during the agreement year in which the request for consultations is made, to a level not less than the higher of:

(A) the limit established for the immediately preceding year plus either 8% of that limit (in the case of cotton and man-made fibre products) or 3% of that limit (in the case of wool products)

(B) the limit requested by the Government of the United States for the cessation of issuance of EA's in accordance with Paragraph 9(d) hereof.

(iii) Where the Government of the United States makes a request under Paragraph 9(e)(i) and (ii) hereof the Government of Hong Kong agrees that it will honour such a request.

(iv) In respect of any product or Category for which a limit is established in two consecutive agreement years, either Government may during the second consecutive year elect to turn the limit established for the second of the two consecutive years into a Specified Limit to become effective from 1st January of the immediately following consecutive agreement year and that product or Category shall remain subject to a Specified Limit for the duration of this Agreement. Where an election is made the Specified Limit so created shall in and from the year of effectiveness be accorded growth at 4.5% (in respect of cotton and man-made fibre products) or 1% (in respect of wool products). The Specified Limit created by the election shall be accorded the flexibility provisions set out in Paragraphs 6 and 7 of this Agreement.

(v) Should two requests in respect of the same product or Category be made under Paragraph 9(b) hereof during the term of this Agreement but in different agreement years, not being consecutive years, the provisions of Paragraph 9(e)(i) shall apply to the second of the two requests.

(vi) For the purposes of this Agreement no account shall be taken of the fact that any product or Category has prior to 1st January,1979 been the subject of a request under Paragraph 9 of this Agreement.

(vii) The two Governments agree that the provisions of Paragraph 9 hereof shall not derogate from the rights of the two Governments under Paragraph 24 of this Agreement.

(viii) For the purposes of Paragraph 9 hereof the phrase "level of trade" shall mean the level of trade established by consultations to be held concurrently with the consultations envisaged under Paragraph 7(a)(iv) hereof, or, where such consultations have not been completed, the level of trade by date of export.

(f) In the implementation of this provision, the Government of Hong Kong shall advise the Government of the United States immediately upon receipt of any application for EA's in exceptionally large amounts or of any unusual concentration of applications for EA's in a particular Category.

(g) The two Governments shall consult with regard to problems that may arise if this paragraph is invoked near the end of an agreement year, to consider the possibilities of avoiding undue hardship to the trade, such separate consultations to be held as early as possible.

If the foregoing arrangement is acceptable to the Government of Hong Kong this letter and your letter of acceptance on behalf of the Government of Hong Kong shall constitute an amendment to the Agreement.

Accept, Sir, the renewal of my highest consideration.

Sincerely,

Natale H. Bellocchi
Acting Consul General

The Hong Kong Director of Trade Industry and Customs to the American Acting Consul General

Trade Industry and Customs Department 工商署

Director of Trade Industry and Customs

23 May 1979

Sir,

I refer to your letter of today's date regarding an amendment to the Agreement concerning trade in cotton, wool and man-made fibre textiles and textile products between the Government of the United States of America and the Government of Hong Kong, of 8 August 1977, with annexes, as amended. I wish to confirm that the amendment is acceptable to my Government. This letter and your letter constitute an amendment to the Agreement.

Accept, Sir, the renewed assurances of my highest consideration.

David Jordan

(D.H. Jordan)

Mr. Natale H. Bellocchi,
Acting Consul General,
Consulate General of the
United States of America,
26 Garden Road,
Hong Kong.

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